

EXECUTIVE SUMMARY

Overview

The Capital Improvement Plan is vital to our City. It is a plan for physical improvements to public facilities and infrastructure, throughout Houston. The underlying motive behind these programs is to improve safety, mobility, and lifestyles of Houstonians, in turn having a positive affect on the local economy. Recognition of this importance prompted City Council in November 1983 to establish the five-year capital improvement planning process. By resolution, it became City policy to engage in a continuous process that includes annual review, revision, and adoption of a five year Capital Improvement Plan. Public meetings are also held annually in each City Council District to provide citizens an opportunity to comment on the process and recommend projects to be included in the plan.

The five-year CIP is revised annually to include new projects, reflect changes in priorities, and extend the plan an additional year. The first year of the plan is the City's current fiscal year, which runs from July 1, 2006 through June 30, 2007. It is adjusted throughout the year, as needs dictate or when changes are made to existing approved projects. This year's CIP continues the Administration's priorities of rehabilitation and replacement of the City's existing facilities.

The Adopted FY2007-2011 CIP: Two Major Parts

The FY2007-2011 CIP calls for the appropriation of \$4.51 billion during the five-year period for two major categories of programs: enterprise and property tax supported programs. Of the total planned appropriations, \$2.25 billion is for projects in the enterprise fund programs (Airport, Convention & Entertainment, Wastewater, and Water). The Aviation and Convention and Entertainment programs are supported by system revenue bonds paid with income from the air travel and tourism industries. Water and Wastewater revenue bonds are retired using income from commercial and residential customers.

The remaining \$2.27 billion addresses a full range of capital facility and infrastructure improvements, most of which will be financed with Public Improvement Bonds (PIBs). These programs include Fire, Library, Parks, Police, Public Health, Solid Waste Management, General Government, Storm Drainage, Streets and Traffic Control, and Housing.

In 2004, Storm Drainage was added as a purpose to the Combined Utility System. It is currently funded solely through a portion of the Water & Sewer Enterprise Funds with the funding amounts to be about \$45M per year. It was originally intended for three years, but was extended to a fourth and now a fifth (FY2009). Currently, we are not funding any projects for Storm Drainage using PIBs. There are a few matching type funds that support storm drainage including Federal Emergency Management Agency (FEMA), Community Development Block Grant (CDBG), Harris County Flood Control District (HCFCD), and private partners such as Texas Medical Center (TMC).

The Executive Summary is an overview of each department and the projects currently seen as priority. This summary is divided into three main sections: 1. Public Improvement programs, in which a majority of the funding is provided by Public Improvement Bonds, 2. Enterprise Programs, in which they are supported by revenue sources such as Hotel and Occupancy Taxes, 3. Tax Increment Reinvestment Zones (TIRZ).

The two Volumes of the CIP are divided differently this year to improve the ease of finding projects. Volume One contains all the Client Departments Represented by Building Services, all that is built vertically, and TIRZ. Volume Two consist of Public Works and Engineering, horizontal development, and Aviation, all projects involving the Airport facilities in Houston.

EXECUTIVE SUMMARY

Tax supported PIBs are the Primary funding Source for Volume One programs and Street & Traffic (V-II) as a result of the \$776 million bond election approved by the Citizens of Houston in November 2001.

As these new bond funds are expended, future analysis will determine strategies for additional funding to implement the various Master Plans and identified needs. Strategies may include placing items before the voters. Such a separate bond authorization may require additional property tax financing beyond that provided at the current tax rate for the \$776 million bond issue.

Program amounts authorized by the voters in November 2001 are broken down as follows:

Street and Drainage Improvement Bonds	474 Million
Police and Fire Facilities Improvement Bonds	82 Million
Parks and Recreation Facility Improvement Bonds	80 Million
General Public Improvement Bonds	80 Million
Library Improvement Bonds	40 Million
Affordable Housing Bonds	<u>20 Million</u>
	\$ 776 Million

The FY2007-20011 Capital Improvement Plan (CIP) includes bond funds of \$162 million. Additionally, the City is set to receive significant amounts of transportation and mobility assistance from METRO (\$319 million) and the Texas Department of Transportation-TXDOT (\$265 million current and proposed). Other funding sources include, Army Corp. of Engineers (\$2.7 million), Harris County (\$41 million).

The remaining PIB Program will be funded through a variety of other funding sources ranging from county support to private donations. Over the past few years, significant efforts have been made to leverage PIB funds with new, non-traditional sources of funds.

EXECUTIVE SUMMARY

Department	Budget (000s)
Aviation	\$863,482
Fire	\$100,806
C&E	\$7,090
Street and Traffic	\$1,052,225
General Government	\$40,352
Library	\$82,929
Parks	\$154,451
Housing	\$43,018
Public Health	\$128,032
Police	\$386,305
Wastewater	\$760,000
Storm Drainage	\$261,398
Water	\$615,000
Solid Waste	\$18,132
Total	\$4,513,220

